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CAMPAIGN FINANCE GUIDE
FOR
CANDIDATES TO
STATEWIDE, GOVERNOR'S COUNCIL
AND
COUNTY OFFICE

OFFICE OF
CAMPAIGN
and
POLITICAL
FINANCE

Commonwealth
of Massachusetts

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This brochure is designed to introduce the Massachusetts Campaign Finance Laws to individuals interested in seeking elective statewide, governor's council or county office. The Office of Campaign and Political Finance ("OCPF") is empowered to administer and enforce Massachusetts General Laws Chapter 55 (the Massachusetts Campaign Finance Law) and Chapter 55A (Limited Public Financing of Statewide Campaigns). The Office is available to assist individuals in complying with the statutes and encourages candidates, treasurers, committee members, campaign workers and any interested party to familiarize themselves with these laws and regulations.

This publication is meant only to be an introductory guide to the campaign finance laws, not a substitute for them. It is the responsibility of all those participating in political campaign financing in Massachusetts to become knowledgeable with the provisions of the law and regulations. Violations of the law carry serious penalties of fines and imprisonment or both. For additional information, please contact the

Office of Campaign and Political Finance
One Ashburton Place, Room 1007
Boston, MA 02108
(617)727-8352
(800)462-OCPF.

About The Office

Chapter 1173 of the Acts of 1973 strengthened the state campaign finance law and established the Office of Campaign and Political Finance in what is commonly referred to as a reaction to Watergate. In truth, however, the push for reforms in campaign finance disclosure laws were already well under way in states all across the country. Portions of the campaign finance law have been on the books in Massachusetts since as early as 1884, originally legislated under Chapter 320 of the Acts of that year. Some of those original laws are the restrictions that are placed on public employees and will be discussed later in this brochure.

The Campaign Finance Law _____

Chapter 55 of the Massachusetts General Laws is a comprehensive statute concerning the financing of political campaigns in the Commonwealth. The statute requires, for example, that candidates and political committees disclose all contributions received and expenditures made.

The campaign finance laws also provide for limitations, and in some cases absolute prohibitions, on certain sources of campaign contributions. Additionally, the way in which campaign funds may be spent is regulated by statute as well as through guidelines established by the Office. M.G.L. Chapter 55 also regulates certain conduct surrounding the raising and spending of campaign funds, the activities of public employees and the prohibited use of governmental facilities for political purposes.

Candidates for statewide, governor's council or county offices are required by Chapter 55 to designate a Massachusetts national bank or trust company as a depository for campaign funds. As a result, OCPF refers to such candidates as "depository candidates."

The Depository Candidate _____

If you are thinking about running for elective office, you should contact OCPF before undertaking any activity. The statute has a very broad definition of "candidate". Many individuals are considered candidates under the law well before any formal announcement is made. In order to avoid any problems, contact OCPF for guidance.

Depository candidates are individuals for the following offices:

STATEWIDE OFFICE: Governor, Lieutenant Governor, Secretary of State, Attorney General, Treasurer and Receiver General, and Auditor.

GOVERNOR'S COUNCIL: (also known as the Executive Council).

COUNTY OFFICE: District Attorney, Clerk of Courts, Registrar of Probate, Registrar of Deeds, County Commissioner, County Treasurer, and Sheriff.

Massachusetts has an unique reporting system for these offices. The law is intended to provide for maximum disclosure of political finance activity with semi-monthly activity reports. OCPF is prepared to assist individuals in setting up a depository system and will provide briefings on the procedures and use of forms.

The designated depository bank reports all contributions and expenditures to OCPF based on information furnished to the bank by the candidate and treasurer.

Reports must be filed by the following individuals:

Candidates for nomination or election to any depository office.

Treasurers of political committees organized on behalf of such candidates.

Please note that as mentioned earlier, the law broadly defines candidate. Under certain circumstances, an individual who accepts a contribution or makes an expenditure may thereby become a candidate even though he/she has not taken out nomination papers.

A candidate who has filing requirements with a city or town and is now a "depository candidate" should contact OCPF for the proper filing procedure.

Each candidate and treasurer must file reports because each has the authority to receive and expend campaign funds. Candidates and treasurers are subject to penalties for failure to file such reports. A candidate with a committee cannot receive or expend any monies without a treasurer who has qualified for the office, as outlined on the following page.

Forms

In order to familiarize you with the appropriate forms required for depository candidates, a summary of these forms and an explanation of their purpose is provided here. OCPF will review these procedures upon request.

FORM CPF 101: Statement of Organization of a Political Committee

Although the law does not require one, most candidates have a committee organized on their behalf. Public employees who run for elected office are required by law to organize a committee in order to raise funds for their campaign.

A political committee may not accept any contributions nor incur any expenses until the treasurer qualifies for the office of treasurer by completing, with his/her signature, and filing FORM CPF 101 with the Office. This form contains the names and addresses of the committee chairman and treasurer, as well as finance committee members, if any, and the candidate for whom it is organized. A candidate may have only one political committee organized on his/her behalf.

FORM CPF D102: Campaign Finance Report

FORM CPF D102 must be completed by candidates and treasurers for the following reports:

Initial Report: This report should be filed within three business days after designating a depository to disclose any activity occurring since the last election held for the office now sought by the candidate or since the day following the last report filed, if later.

Year-end report (to be filed on or before the 10th day of January): This filing is an annual report recapping activity from the date of the last report filed through December 31.

FORM CPF D102 is also used to disclose outstanding liabilities, "in-kind contributions" and savings account information.

FORM CPF D103: Certificate of Appointment of Depository

Depository candidates and their committee treasurer must jointly designate a Massachusetts national bank or trust company as a depository for their campaign funds. FORM CPF D103 is used for this purpose.

By appointing the bank as your depository for campaign funds, you authorize the bank to report to OCPF twice monthly a record of your receipts and expenditures based on information you furnish to the bank.

The treasurer/cashier of the bank must sign this FORM CPF D103 acknowledging and accepting the reporting responsibilities of your campaign account to this office.

FORM CPF D104: Statement of Candidate Who Has Not Opened an Account in the Candidate's Designated Depository Bank

This form is filed when the candidate does not intend to spend or receive any money independent from his/her committee or for a candidate without a committee who does not plan to undertake any campaign finance activity.

FORM CPF D106: General Contributions

FORM CPF D107: Fund-Raising Contributions

All contributions must be deposited in the form received in the designated bank no later than the end of the seventh day after receipt.

The difference between fundraising and general contributions is outlined by statute. In simple terms, fund-raising contributions as reported on FORM CPF D107 (pink form) are those contributions that have a purchase by the contributor connected with them (i.e. a ticket to a dinner, newsletter subscription, etc.). All other contributions are considered "general" contributions and are reported on FORM CPF D106 (yellow form).

These pink and yellow forms are completed by the committee and filed in triplicate at the designated bank when depositing campaign contributions.

Special Bank Accounts & Checks _____

Depository candidates are required to use a special check printed to comply with the requirements of M.G.L. Chapter 55, section 19. A sample blank check form is included in the candidate's depository kit which may be obtained from OCPF.

All campaign payments in excess of \$50 must be made to a named payee by check drawn on the depository account. A check payable to the candidate or treasurer may not exceed \$50 and such checks may not exceed \$500 in the aggregate for any two-week reporting period. The candidate or treasurer may not incur any expenditure unless there are monies on deposit to pay the amount of such expenditure, together with all unpaid obligations then outstanding or unless the candidate or treasurer files with the director in each two-week reporting period a complete statement of all outstanding obligations, their purpose, and terms and the names and addresses of the persons to whom such obligations are owed.

Dissolution Of A Committee _____

Consult with this Office prior to preparing your application for dissolution, **FORM CPF 23**. Committees that do not dissolve must continue to report on at least an annual basis.

M.G.L. Chapter 55, section 18 provides that all residual funds from campaign accounts shall be donated to the Commonwealth of Massachusetts (Local Aid Fund), c/o State Treasurer's Office, State House, Boston, MA 02133.

Candidates and treasurers are required by law to preserve detailed accounts, vouchers, and receipts for six years from the date of the relevant election. This applies to all candidates regardless of the outcome of the election.

Seeking An Advisory Opinion _____

Anyone wishing to receive guidance on his/her own campaign finance activities from OCPF should contact the Office prior to undertaking a particular activity. This Office issues written advisory opinions to individuals based on written requests describing specific facts and circumstances. The Office will issue opinions only as to prospective activities. If you have any questions concerning advisory opinions, please contact the Office. You may also obtain informal, verbal advice by calling the Office at the numbers listed on this brochure.

In addition to a specific advisory opinion, from time to time the Director issues Interpretive Bulletins setting policy guidance on a variety of subjects. These documents are publicly available from OCPF and may be helpful in offering assistance to candidates and committee treasurers.

Filing A Complaint _____

If you have reason to believe that a violation of the campaign finance laws has occurred, you may file a complaint with the Office either in writing or in person. The Office investigates all matters brought to its attention, regardless of the source of the complaint. The identity of a complainant is considered confidential by the Office.

The Office policy on enforcement actions is such that we will not comment on any action under review. Consequently, an individual making a complaint will not receive periodic information on the status of his/her complaint. However, the complainant will receive notice of the public disposition of a case.

This Office welcomes individuals with information concerning any possible violations of the campaign finance law to call or write OCPF.

Limitations On Contributions _____

The following represents a summary of limitations placed on contributions made to a candidate or committee.

- An individual may contribute up to a total of \$1,000 to a candidate in a calendar year.
- An individual may contribute up to a total of \$1,000 in a calendar year to a multi-candidate committee (PAC). However, there is no limit on contributions to a ballot question committee.
- An individual under age 18 is limited to a total of \$25 in political contributions in a calendar year.
- A multi-candidate committee (PAC) may contribute up to \$1,000 to a candidate in a calendar year.
- A candidate, a candidate's committee, and a multi-candidate committee (PAC) may not accept a contribution from a business corporation, or from any association comprised in whole or in part of business corporations.
- Cash contributions are limited to \$50 in a calendar year. Any contribution in excess of \$50 must be made on a check or other negotiable instrument.
- A state political party committee may contribute up to a total of \$3000 monetarily to a candidate in a calendar year. "In Kind" contributions made by a state political party committee are not limited.
- A ward or town political party committee may contribute up to a total of \$1000 monetarily to a candidate in a calendar year. "In Kind" contributions made by a ward or town political party committee are not limited.

The reporting of all contributions received is required under M.G.L. Chapter 55. Some of the procedures for such disclosure are outlined below.

- The true name and residential address of the donor must be furnished by the contributor to the candidate or recipient of the contribution at the time the contribution is made.
- Contributions listed from a trust, foundation or association must include the names and addresses of its principal officers.
- Contributions from the same person which in the aggregate in a calendar year exceed \$50 must be by check or other negotiable instrument.
- Contributions of anything of value other than cash or checks are "in-kind" contributions and are reportable as such. Examples include but are not limited to rental space for campaign headquarters, furniture, office equipment, printing and postage, political advertisements, etc.
- Loans are defined as contributions and are subject to the same limitations; except bank loans made to a candidate in the ordinary course of business are not contributions.

Limitations On Expenditures ---

Expenditures by a committee organized on behalf of a depository candidate for statewide office may be made for reasonable and necessary expenses directly related to the candidate's campaign. Any other depository candidates committee may make expenditures for the enhancement of the political future of the candidate for which the committee was organized. In either event, any expenditures **may not** be primarily for any person's personal use.

This Office has promulgated regulations on expenditures and should be consulted for more specific guidance on these requirements.

A candidate may make expenditures from his/her personal funds without limitation for the purposes of his/her own campaign, including making contributions to the committee organized on the candidate's behalf. All such expenditures and contributions must be fully disclosed.

A business corporation may not expend money on behalf of any candidate, candidate's committee, a multi-candidate committee, or committee of a political party.

An expenditure for an amount exceeding \$50 must be made by check.

Committees organized on behalf of any statewide candidate may not contribute to any other political candidate or committee.

Any other candidate committee is limited to contributing in the aggregate in a calendar year of no more than \$100 to another candidate committee and the aggregate of all such contributions in a calendar year may not exceed \$1,500.

Surplus money may be placed in an interest bearing savings account or money market account. No other type of investment is permitted.

Restrictions On Political Activities _____

OCPF administers sections 13 through 17 of M.G.L. Chapter 55. These laws on public employees' political finance activity were designed to:

- Protect public employees from coercion in their employment.
- Separate governmental activity from political campaign activities.
- Protect individuals doing business with the state from being coerced into contributing to any political fund or rendering political services.

NO state, county, city or town employee, other than an elected official, may directly or indirectly solicit or receive any contributions or anything of value for **ANY** political purpose whatsoever.

Soliciting or receiving campaign contributions by anyone in a building occupied for any state, county or municipal purpose is prohibited.

No person in the public service may be compelled to make a political contribution or to render any political service.

No public official or employee may be prejudiced in his/her employment for failure to make a political contribution, or be so rewarded for making a political contribution.

No person doing business with the Commonwealth shall be under any obligation to contribute or render a political service to the campaign of a candidate.

A political committee may not solicit or receive a contribution on behalf of a candidate who is a state, county or municipal employee, including elected officials, if the contributor has an interest in any particular matter in which the person so employed participates or which is the subject of his official responsibility.

Frequently Asked Questions _____

Q1. May the Candidate be the Treasurer of his/her political committee?

A1. No.

Q2. May the Treasurer and Chairman be the same person?

A2. Yes, unless you are a public employee. Public employees cannot be treasurers of any political committee.

Q3. May I appoint a savings bank as my designated Depository for campaign funds?

A3. No. Only a Massachusetts National bank or Trust Company may be so designated.

Q4. May a business make a campaign contribution to my campaign?

A4. Business corporations are prohibited from contributing but an individual may use his/her non-incorporated business to make a campaign contribution to the campaign fund of a candidate.

Q5. If I do not plan on spending or receiving any money for my campaign must I still designate a bank?

A5. Yes. While you are not required to open an account you must still designate a bank as your depository in the event you have financial activity in the future.

Q6. I am an appointed public employee, may I ask a friend or relative to purchase a ticket to a fundraiser for a candidate?

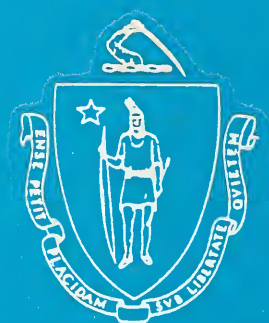
A6. No, section 13 prohibits this activity at any time.

Q7. I am an appointed public employee, may I run for public office?

A7. While M.G.L., Chapter 55 does not prevent a public employee from running for public office, it does prohibit fundraising by a public employee for any candidate. If you run for office, you must organize a political committee and have that committee handle all fundraising activity.

Q8. May a committee use the state house or a city or town hall as an address to send a contribution to a candidate's political committee?

A8. No, this is prohibited under M.G.L. Chapter 55, section 14 (prohibition against solicitation in a public building).



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